

MILPITAS OVERSIGHT BOARD

TO THE CITY OF MILPITAS ACTING AS THE RDA SUCCESSOR AGENCY

455 EAST CALAVERAS BOULEVARD, MILPITAS, CA 95035-5479
GENERAL INFORMATION: 408-586-3000 www.ci.milpitas.ca.gov

MILPITAS OVERSIGHT BOARD MEETING

Milpitas City Hall, Committee Room
455 E. Calaveras Blvd., Milpitas, CA 95035

MEMBERS:

Kolvira Chheng
Emma Karlen
Bruce Knopf, Vice Chair
Michael Mendizabal
Mike McInerney, Chair
Althea Polanski
Glen Williams

ALTERNATES:

Jenina Salcedo
Jane Corpus Takahashi
Alan Minato

Michael Murdter

DRAFT Minutes of the October 23, 2015 Meeting

I. CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Chair McInerney called the meeting to order at 11:01 a.m.

ROLL CALL

MEMBERS PRESENT: Kolvira Chheng, Emma Karlen, Mike McInerney, Michael Murdter, Althea Polanski and Glen Williams

MEMBERS ABSENT: Mike Mendizabal

II. PUBLIC FORUM

None

III. APPROVAL OF AGENDA

Moved by Ms. Polanski and seconded by Mr. Williams to approve the agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES FOR September 14, 2015 Meeting

Chair McInerney noted the following items that need correction:

Page 1, **II. PUBLIC FORUM**, second line starting with the word difficult, "...to change *of*" change to "...to change *the*".

Page 2, **VI. NEW BUSINESS**, sixth paragraph, list of 22 individuals, line two, change the spelling of "*Rupee Charry*" to "*Rupi Chari*".

Page 3, **B. Adoption of Resolution 68**, second paragraph from the top of the page, add a period to the end of the sentence.

Page 3, **VII. NEXT MEETING, A. Identify Potential Agenda Items**, add a period to the end of the sentence.

Moved by Mr. Williams and seconded by Ms. Polanski to approve the minutes of the September 14, 2015 meeting as amended. The motion passed unanimously.

V. OLD BUSINESS

None

VI. NEW BUSINESS

- A. Receive and consider report and recommendations from Ad Hoc Committee of Oversight Board regarding results of Request for Proposal (RFP) Process for the sale of Property No. 2 listed on the Long Range Property Management Plan and located at Northwest Corner Alder Drive and Barber Lane (APN 086-02-086), Milpitas, CA.

1. Adoption of Resolution No. 70 of the Oversight Board rejecting proposals received from the RFP Process for the sale of Property No. 2 and approving issuance of second RFP for sale of the property.

Ms. Montoy presented the staff report, saying that at the time the staff report was being prepared this past Monday, two proposals had been received and a third proposal was received that day. None of the proposals were received in a timely fashion. All proposals met the requirement for a minimum offer at or above \$6 million. Only one proposer submitted a deposit as required. All proposers wanted longer due diligence periods and requested closing dates that exceeded the RFP's 180 days from Oversight Board approval of the offer.

Ms. Montoy said the Ad Hoc Committee recommends rejecting all responses and issuing a new RFP that has been revised, reformatted and clarifies language where the Committee saw a need to do so. The new RFP still requires an initial deposit of \$250,000 and increases the minimum bid to \$6.5 million. The due diligence period is now 120 days instead of 30 days with a sliding scale for the percentage of the total deposit returned, based on 30-day increments. The first RFP called for the submittal of originals to Ms. Montoy's office but after discussion of the process it was decided that it would be more convenient to submit proposals to Mr. Tom Williams' office. Under the Reservation of Rights language, the new RFP gives the ability to negotiate some of the terms and conditions with one or more of the proposers. It also reflects the recently passed SB107 in that the RFP no longer requires Department of Finance (DOF) approval of a sale but still requires submittal to DOF of the Board's decision. Ms. Montoy also said that in an effort to limit the number of Oversight Board meetings, a section was added to Resolution No. 70 where the Oversight Board authorizes the Ad Hoc Committee to issue addenda to the RFP which clarify and/or correct the RFP.

Board Member Williams said for the record that there was a substantial difference in time delays and circumstances for each of the proposals received, but the Ad Hoc Committee came to the conclusion that conditions were either met or not met. Mr. Williams said it is not for the Board to judge whether one bid that was a day late was somehow better than one that was a week late or several weeks late. Furthermore, the Committee determined that none met all the criteria and in each case there were multiple reasons why each did not meet the criteria specified in the RFP.

For the new RFP, the Committee decided to establish a due-diligence period of 120 days that is divided into four 30-day periods. At the end of each 30-day period, a higher percentage of the total deposit becomes non-refundable. The Committee feels this approach is a reasonable way to proceed since the selected proposer will have additional clarity and eliminated risk as the proposer moves through the stages of entitlement. Such a process is a common way to structure a transaction for a development deal.

Board Member Polanski said she concurs with Mr. Williams' comments and that as a member of the Ad Hoc Committee, she thought the instructions in the RFP were very clear. That is her reason for rejecting the responses, saying that when there is a deadline and it is not met, it is not met and it is better to move forward. Ms. Polanski said during the Committee's discussions, many items came forth for the new RFP that will be very beneficial.

City Manager Tom Williams thanked the Ad Hoc Committee for their time and effort adding there were some good conversations and the process is moving in the right direction.

Mr. Tim Post, owner of the Post Company, said he is fine with the process adding that his firm was the third group that submitted an offer and probably made a mistake in not following up. Mr. Post said he did speak with Mr. Ekern who said he

had forwarded the offer to the appropriate people. He said there are some things they can improve upon and they are looking forward to submitting an offer the next time around.

Board Member Karlen asked why the minimum bid had been increased.

Board Member Williams responded by saying the Committee came to the conclusion that there was sufficient evidence that increasing the minimum bid was not going to be an obstacle. Mr. Williams stated the revised minimum amount converts to a price per square foot that is equivalent to the square foot price of a similar transaction a couple of miles from the property that closed earlier this year. He went on to say that the equivalent square foot price from this similar transaction went to contract eighteen months ago and the market for hotels in Santa Clara County has only gotten stronger. Therefore, the Committee is comfortable it would receive offers at the \$6.5 million level or above.

Moved by Mr. Williams and seconded by Ms. Polanski to 1) accept the report of the Ad Hoc Committee as submitted and 2) adopt Resolution No. 70 as amended. The motion passed unanimously.

VII. NEXT MEETING

A. Identify Potential Agenda Items

Consider responses to the 540 S. Abel Street RFP that are due November 9, 2015.

B. Set Date and Time

It was agreed that the next meeting will be held on December 9, 2015 at 2:00 p.m.

VIII. MEETING ADJOURNMENT

Moved by Ms. Polanski and seconded by Mr. Williams, Chair McInerney adjourned the meeting at 11:37 a.m. on the consensus of the Board.

*Meeting minutes drafted and submitted by
Barbara Crump, Board Secretary*

Approved on December 9, 2015:

Mike McInerney
Oversight Board Chair

Barbara Crump
Oversight Board Secretary